

AMENDED IN ASSEMBLY MARCH 28, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2712

Introduced by Assembly Member Chiu

February 19, 2016

An act to amend Section 4425 of the Business and Professions Code, relating to pharmacies.

LEGISLATIVE COUNSEL'S DIGEST

AB 2712, as amended, Chiu. Pharmacies: Medi-Cal program participation.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid—~~program~~ *Program* provisions. Existing law requires reimbursement to Medi-Cal pharmacy providers for drugs, as prescribed. As a condition for the participation of a pharmacy in the Medi-Cal program, and subject to specified exceptions, existing law requires the pharmacy, upon presentation of a valid prescription for a patient and the patient's Medicare card, to charge Medicare beneficiaries a price that does not exceed the Medi-Cal reimbursement rate for prescription medicines and an amount, as set by the department, to cover electronic transmission charges. *Existing law prohibits Medicare beneficiaries from being allowed to use the Medi-Cal reimbursement rate for over-the-counter medications or compound medications. Existing law provides that these provisions do not apply to a prescription that is*

covered by insurance. Existing law requires the department to conduct an outreach program to inform Medicare beneficiaries of their right to participate in this program.

This bill would require the State Department of Health Care Services, on or before February 1, 2017, to report to the Legislature on the effectiveness of the Medi-Cal pharmacy procedures described above, as specified, and other options and strategies to achieve the greatest savings on prescription drugs for patients. expand these provisions to also apply to any patient upon presentation of a valid prescription for the patient and evidence of residency in California. The bill would provide that for purposes of these provisions “covered by insurance” does not apply to a prescription for a specific medication prescribed for a patient that is not included on the drug formulary maintained by that patient’s health care service plan or health insurer, and for which the patient is prepared to pay cash.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 4425 of the Business and Professions*
- 2 *Code is amended to read:*
- 3 4425. (a) As a condition for the participation of a pharmacy
- 4 in the Medi-Cal program pursuant to Chapter 7 (commencing with
- 5 Section 14000) of Division 9 of the Welfare and Institutions Code,
- 6 the pharmacy, upon presentation of a valid prescription for the
- 7 patient and the patient’s Medicare ~~card~~, *card or evidence of*
- 8 *residency in California, such as a state-issued identification card*
- 9 *or state-issued motor vehicle driver’s license, shall charge*
- 10 Medicare beneficiaries *or other patients* a price that does not
- 11 exceed the Medi-Cal reimbursement rate for prescription
- 12 medicines, and an amount, as set by the State Department of Health
- 13 Care Services to cover electronic transmission charges. However,
- 14 Medicare beneficiaries *or other patients* shall not be allowed to
- 15 use the Medi-Cal reimbursement rate for over-the-counter
- 16 medications or compounded prescriptions.
- 17 (b) The State Department of Health Care Services shall provide
- 18 a mechanism to calculate and transmit the price to the pharmacy,
- 19 but shall not apply the Medi-Cal drug utilization review process
- 20 for purposes of this section.

1 (c) The State Department of Health Care Services shall monitor
2 pharmacy participation with the requirements of subdivision (a).

3 (d) The State Department of Health Care Services shall conduct
4 an outreach program to inform Medicare beneficiaries *and*
5 *California residents generally*, of their right to participate in the
6 program described in subdivision (a), including, but not limited
7 to, the following:

8 (1) Including on its Internet Web site the Medi-Cal
9 reimbursement rate for, at minimum, 200 of the most commonly
10 prescribed medicines and updating this information monthly.

11 (2) Providing a sign to participating pharmacies that the
12 pharmacies shall prominently display at the point of service and
13 at the point of sale, reminding the Medicare beneficiaries *and other*
14 *eligible patients* to ask that the charge for their prescription be the
15 same amount as the Medi-Cal reimbursement rate and providing
16 the department's telephone number, e-mail address, and Internet
17 Web site address to access information about the program.

18 (e) If prescription drugs are added to the scope of benefits
19 available under the federal Medicare ~~program~~, *Program*, the Senate
20 Office of Research shall report that fact to the appropriate
21 committees of the Legislature. It is the intent of the Legislature to
22 evaluate the need to continue the implementation of this article
23 *for Medicare beneficiaries* under those circumstances.

24 (f) This section shall not apply to a prescription that is covered
25 by insurance. *For purposes of this section, "covered by insurance"*
26 *does not apply to a prescription for a specific medication*
27 *prescribed for a patient that is not included on the drug formulary*
28 *maintained by that patient's health care service plan or health*
29 *insurer, and for which the patient is prepared to pay cash.*

30 ~~SECTION 1. Section 4425 of the Business and Professions~~
31 ~~Code is amended to read:~~

32 ~~4425. (a) As a condition for the participation of a pharmacy~~
33 ~~in the Medi-Cal program pursuant to Chapter 7 (commencing with~~
34 ~~Section 14000) of Division 9 of the Welfare and Institutions Code,~~
35 ~~the pharmacy, upon presentation of a valid prescription for the~~
36 ~~patient and the patient's Medicare card, shall charge Medicare~~
37 ~~beneficiaries a price that does not exceed the Medi-Cal~~
38 ~~reimbursement rate for prescription medicines, and an amount, as~~
39 ~~set by the State Department of Health Care Services to cover~~
40 ~~electronic transmission charges. However, Medicare beneficiaries~~

1 shall not be allowed to use the Medi-Cal reimbursement rate for
2 over-the-counter medications or compounded prescriptions.

3 (b) The State Department of Health Care Services shall provide
4 a mechanism to calculate and transmit the price to the pharmacy,
5 but shall not apply the Medi-Cal drug utilization review process
6 for purposes of this section.

7 (c) The State Department of Health Care Services shall monitor
8 pharmacy participation with the requirements of subdivision (a).

9 (d) The State Department of Health Care Services shall conduct
10 an outreach program to inform Medicare beneficiaries of their
11 right to participate in the program described in subdivision (a),
12 including, but not limited to, the following:

13 (1) Including on its Internet Web site the Medi-Cal
14 reimbursement rate for, at minimum, 200 of the most commonly
15 prescribed medicines and updating this information monthly.

16 (2) Providing a sign to participating pharmacies that the
17 pharmacies shall prominently display at the point of service and
18 at the point of sale, reminding the Medicare beneficiaries to ask
19 that the charge for their prescription be the same amount as the
20 Medi-Cal reimbursement rate and providing the department's
21 telephone number, e-mail address, and Internet Web site address
22 to access information about the program.

23 (e) If prescription drugs are added to the scope of benefits
24 available under the federal Medicare program, the Senate Office
25 of Research shall report that fact to the appropriate committees of
26 the Legislature. It is the intent of the Legislature to evaluate the
27 need to continue the implementation of this article under those
28 circumstances.

29 (f) This section shall not apply to a prescription that is covered
30 by insurance.

31 (g) (1) On or before February 1, 2017, the State Department of
32 Health Care Services shall submit a report to the appropriate policy
33 and fiscal committees of the Legislature on the effectiveness of
34 subdivision (a), with data derived pursuant to subdivisions (b) to
35 (d), inclusive, and other data as the department deems necessary.
36 The department also shall include in the report other options and
37 strategies to achieve the greatest savings on prescription drugs for
38 patients.

1 ~~(2) A report submitted pursuant to this subdivision shall be~~
2 ~~submitted in compliance with Section 9795 of the Government~~
3 ~~Code.~~
4 ~~(3) The requirement for submitting a report imposed under this~~
5 ~~subdivision is inoperative on February 1, 2021, pursuant to Section~~
6 ~~10231.5 of the Government Code.~~

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